

The mission of the allianz group



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Company's overview

Allianz Group is one of the world's leaders providing insurance and financial services. Allianz SE, the holding company is at the top of the international group with its head office in Munich. Allianz was founded in Berlin, Germany in 1980 (Allianz, 2010).

With approximately 152, 000 employees worldwide, the Allianz Group serves approximately 75 million customers in about 70 countries. On the insurance side, Allianz is the market leader in the Germany market and has a strong international presence (Allianz, 2010).

Allianz has more than 100 years of eventful history. Though Germany's defeat in World War I restricted Allianz's international business, but Allianz slowly ventured outside Germany to other European markets (Allianz, 2010).

In the era of National Socialism in post 1933 Nazi Germany, Allianz conformed to the norms of the era. After suffering some business problems during World War II, Allianz started to rebuild post 1945. Starting from the 1950's throughout 60's, 70's and 80's Allianz started to get international by spreading its activities to many countries in Europe and Americas. Allianz began to venture the Asian markets from the 1990's (Allianz, 2010).

Allianz Group also expanded its asset management business. Today, Allianz Group is one of the world's leading financial service providers (Allianz, 2010).

The mission of Allianz

The mission of Allianz is to achieve sustainable growth of our competitive strength and values. In order to achieve this mission, they implemented a

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series of measures which characterize as “ 3+one” program. They have an overall 3+1 program:

Protecting and enhancing the capital base.

Substantially strengthening the operating profitability.

Reducing complexity.

+One: Increase sustainable competitiveness and value.

The organization structure of Allianz

Board of Management

Supervisory Board

International Executive Committee

International Advisory Board and Joint Advisory Council

Employees

The organization culture of Allianz

Allianz Group culture combines German characteristic and international flair.

In Munich, a lot of language will be using by the people when they talking to each other such as French, German, English, Italian, Chinese and etc.

However Allianz values local cultures and markets situation does not dictate a one size all fit solution for the individual location. That why Allianz has defined a strategy framework to guiding standards. So that Allianz Group in the worldwide can adopt the cultural and business requirement to specific regions (Allianz, 2010)

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The macro environment analysis

PEST analysis is concerned with the environmental influences on a business. PEST is stand for Political, Economic, Social, and Technological factors of the external macro environment. Political factors include government policies relating to the industry, tax policies, laws and regulations, trade restrictions and tariffs etc. The economic factors relate to changes in the wider economy such as economic growth, interest rates, exchange rates and inflation rate etc. social factors often look at the cultural aspects and include health consciousness, population growth rate, age distribution, changes in tastes and buying patterns etc. The technological factors relate to the application of new inventions and ideas such as R&D activity, automation, technology incentives and the rate of technological change. It is an important tool to understanding risks associated with market growth or decline, and as such the position, potential and direction for a business or organization (Thompson, 2002). Following are the different factors affecting the Allianz insurance in UK.

Political

Some of these factors had a good impact to the travel, car and home insurance in the UK. The government travelers' awareness campaign has brought awareness to the public about the dangers of traveling uninsured highlighting the expensive costs of medical treatments abroad. The travel industry has supported and benefited from this as it increased their sales prospects.

The minimum car insurance implemented by the government is third party cover. This has a very good impact on the car insurance industry as this

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guarantees a sale on every car in the UK and because 76% of adult in the UK have a full driving license, all of them are potential customers (Birtles, 2002).

“ Legal & General data revealed that most critical illness cover claims are made by people under 40.” (Speedy, 2004) This has been good news for age dedicated home and health care insurance companies as less cover claims means less liabilities. However, according to the Bank of England, the rising tax is slowing down the consumer spending. This has badly affected the whole of the insurance industry as people had less money to spend on higher premiums or packages.

Economic

In today's world people are more work-orientated, so earning more again translating to larger disposable incomes allowing people to live comfortably & take advantage of more expensive schemes in insurance such as taking fully-comprehensive cover rather than third-party (Speedy, 2004).

Another economical fact is that we are currently at the ' boom' stage of economic cycle and so people are better off. This means that as stated above people are able to live more comfortably and on a general level are better able to afford things like food, shelter, clothing and health care. This translates to fewer illnesses which mean that insurance companies have less payout to make as less people fail ill (Speedy, 2004).

Another important factor to notice about the general public in a boom phase of the economic cycle is that people are more likely to pay for products in the service industry. So things that they may have refrained from due to a

lack of money like health insurance will be more welcome during a period of boom so increasing revenue for insurers (Birtles, 2002).

Social

In today's society there has been an increase in young drivers. They choose to insure on parent's cars along with saving the money to buy their own cars. Young drivers aged between 17 and 25 also have a higher chance of being in an accident so they are more costly for an insurer to cover so insurers charge more. For this reason the increase in young drivers translates into larger revenues for insurance companies due to the larger premiums. (Birtles, 2002)

Another change in today's society is the increase in the ' racing culture' with large emphasis placed on driving faster and better looking cars. Modified cars are a cheaper alternative to buying a sports car also increasing insurance costs (Speedy, 2004) .

In comparison with 30 years ago the average person earns much more today translating to larger disposable incomes. This has leading to more people being able to afford second cars and so being insured on them giving more business to insurance companies (Speedy, 2004).

Technology

The success of internet and an integrated information and communications technology system has allowed any business to increase sales and reduce transaction costs. The internet has completely changed the delivery service process. Today, internet is used to even sell insurance policies. Internet proving to be one of the widely used distribution networks for selling

insurance policies. Also internet is used for sending premium notices to policy holders through e-mails (Shinde, et al., 2008)

Besides that, internet has a premium calculator which accurately displays the amount of premium month wise and the remaining balance. One just has to enter the age, name of the insurance policy, the sum assured and whether there is an accident cover or not. By keying in this information, the entire premium amounts are shown within no time. This has helped the customer in a way so that they don't have to travel all the way to the branch to ascertain the amount of premium to be paid (Shinde, et al., 2008)

The international consideration

Allianz operate almost in every continent. The regions are Eastern Europe, Central & Eastern Europe, Asia Pacific, Americas and Middle East & Africa. Allianz is deeply rooted in their domestic market which is Western, Northern & Southern Europe. Western Europe is the home of Allianz. (Allianz, 2010)

When Allianz wants doing an international business, Allianz will consider the human resource, financial and legal requirement into particular country.

Allianz start a new venture in China, financial will incurred in that China will lower than having a new venture in Europe. Furthermore Allianz can get a large human resource in China. This is because the population in China is very large. Allianz also can save cost. The wage pay to the labor is lower and produced the production in a lower cost (Allianz, 2010).

When a company intend to going international, they will consider the macroeconomic that will affect in their business. Before enter to a new country or new venture. They will do a research about the external

environment of that country or region first and then only decide whether to start the new venture into that country or not. While Allianz also does the something. The macro environment that consider to the company are political or legal condition, economic condition, social issue environment and technology. Those are significant to evaluate a country before doing an international business (Allianz, 2010).

There are several methods of going international when a company intends to go international. The company can go international based on export based, non-equity based and equity based. For Allianz which a company just provide services, it use equity based method to going international which include joint ventures and foreign direct investment (FDI). The first company or office that Allianz venture in is in London with open a subsidiary company (Allianz, 2010).

Allianz officially ventured into Malaysia in 2001 when it became the controlling shareholder of Allianz General Insurance Malaysia Berhad (AGIM). In 2007, the general insurance business of AGIM was transferred to its wholly owned subsidiary, AGIC. Following the completion of the transfer of general insurance business, AGIM changed its name to AMB and became an investment holding company (Allianz, 2010).

There are several issues that faced Allianz in Malaysia. One of the issues that face in Allianz currently is the managing climate change risk. Managing climate change risk is one of the biggest challenges the financial services industry is facing today with several impact on the insurance industry. In the past 30 years, claims payments to the victims of great natural catastrophes

have increased 15 fold to approx. 30 billion Euros (approximately RM120 billion). Allianz settles 40% of industrial insurance claims are due to natural catastrophes (Allianz, 2010)

To manage climate change risks, Loeffler (2010) recognize climate change as a matter of great strategic consequence for Allianz. Allianz need to assess together with their clients on how to mitigate the risks. At the same time the challenges for Allianz is to adapt to the impact of climate change and to safeguard insurability of risk in future. In 2007, Allianz established Allianz Climate Solutions as a subsidiary with the explicit aim to develop new products and identify investment trends related to climate change.

The insurance business needs to act as an early warning system and help business and society understand the new risks. There are several ways to prepare for the effects of climate change. Providing risk coverage for emerging technologies for example plays an important role in their future development. Securing the insurability of risks is essential for economies to be able to operate (Loeffler, 2010)

The growth of business

New venture

Conclusion